104-10218-10044 2022 RELEASE UNDER THE PRESIDENT JOHN F. KENNEDY ASSASSINATION RECORDS ACT OF 1992

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This is in response to a request by the HSCA staff members to review LICHANT-1's production. According to our records, LICHANT-1 was included under the KDACETONE (formerly LIHUFF) project; and, as in the case of LICOOKY-1, no separate production folder exists. Attached is the LIHUFF project.

UFF -50-124-28

USIS Mexico City
Message No 40
10 December 1962
"CONFIDENTIAL"

SUBJ: Activities of Student Affairs Officer; Activities of Various Student groups

SECRET

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OPERATING DIVISION CHIEF OF SUPPORT

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6 August 1970

MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Termination of Project LIHUFF

- 1. It is requested that the LIHUFF Project be terminated, effective 30 June 1970.
- 2. Project LIHUFF covered funds for one agent, LIHUFF-1, a U.S. businessman resident in Mexico City who had served in World War II with U.S. military intelligence (MIS/X). LIHUFF-1 provided the Mexico City Station with access into the right-wing political groups and the American Chamber of Commerce in Mexico. He also obtained Dunn and Bradstreet reports for the Station and performed other tasks from time to time.
- 3. LIHUFF-1 was actually terminated effective 28 February 1970. No funds were expended for the termination, as he was not given a termination payment. He was paid his salary of \$300 per month, plus social security contributions, up until the time he was terminated. During FY 1970 \$2,528.41 of LIHUFF Project funds were expended.
- 4. There were no known problems or security risks in connection with the termination. A quitclaim was not obtained. LIHUFF-1 was advised concerning his social security benefits derived from his CIA employment and told to contact the Station should he have further questions.

Charles M. Bounds Acting Chief, WH/1...

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MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Renewal of Project LIHUFF

1. Renewal of Project LIHUFF in the amount of \$4,000 is requested for the period 1 July 1969 through 30 June 1970. The Project was budgeted for \$4,000 for FY 1970 and funds are available within WH Division.

- 2. LIHUFF represents Mexico City Station's access into right wing political elements and organizations in Mexico, and provides contact with the large and influential American business community there. In addition, his access to Dun and Bradstreet reports has also been useful in carrying out checks on WOLADY citizens of operational interest to the Station. During the project year three field information reports were credited to the Project, one of which was disseminated by Headquarters, and some thirty-five background investigations and file traces were conducted by the agent.
- 3. In paragraph D "Effectiveness" of the attached renewal request it was noted, "He (LIHUFF-1) also organized at the request of COS (who, in turn, had been requested by Headquarters) a public demonstration in front of the Soviet Embassy in protest against the invasion of Czechoslovakia." A review of the LITEMPO Project reveals that LITEMPO-4 was paid \$4,000.00 by the Station to organize and rally as many students as possible in addition to the MURO planned demonstration in front of the Soviet Embassy, and to Headquarter's knowledge LIHUFF-1 did not organize the student demonstration on behalf of the Station.
- 4. The Desk feels that this Project should be reviewed during the upcoming project year to determine whether it should be continued.

Ernest J. Tsikerdanos
Acting Chief, WH/1

11 July 1969

MEMORANDUM FOR: DC/WH

SUBJECT : Renewal of Project LIHUFF

- 1. Project LIHUFF covers a singleton agent (a U.S. citizen) who has been managed directly by the COS, Mexico City, and who has worked for WHD for more than twenty years, beginning in Panama and continuing in Mexico. LIHUFF-1 provides the Station access to right-wing political elements and contact with the American business community in Mexico City (he is executive director of the American businessman's association).
- 2. The project provided three disseminations in Fiscal Year 1969, and it is deemed unlikely that it will ever be a source of effective and meaningful intelligence.
- 3. WH/FI suggests that LIHUFF-1 be considered for one or several specific support tasks, which represent a continuing burden for Station Mexico City, and that he no longer be considered as a source of intelligence.
- 4. If it is ascertained that he can perform/support task(s), we advise that the project be terminated. In the meantime, we recommend approval in the amount of \$4,000 for Fiscal Year 1970.

(Mr. Smock's note: "I believe that we should take a hard look at this AC/WH/FI

RHR

cc: WH/1

57977

CLASSIFICATION PROCESSING ACTION DISPATCH SECRET MARKED FOR DEDEXING Chief, WH Division HO INDEXING REQUIRED DEFO. ONLY QUALIFIED DESK CAN JUDGE INDEXING Chief of Station, Mexico City O LIHUFF Project Renewal

Reference: HMMW-17191, 2 April 1969

Forwarded by split transmission is the LIHUFF Project Renewal Request for the period 1 July 1969 through 30 June 1970 for a total of U.S.\$4,000.00.

> reen C. Plutes for/Willard C. CURTIS

Attachments:

Project Renewal Request - Left Side - Herewith
 Project Renewal Request - Right Side - Under Separate Cover

Distribution: 2 - C/WHD, w/att i, 2 copies (h/w); w/att 2, 2 copies (u/s/c)

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CROSS REFERENCE TO DISPATCH SYMBOL AND NUMBER 8 May 1969 HMMA-37098 CLASSIFICATION HOS FILL HUMBER 1/50-124-28/1 SECRET

REQUEST FOR PROJECT RENEWAL

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PROJECT _

s/c att: 1

Willard C. CURTIS

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50-124-25/1

REQUEST FOR RENEWAL PROJECT LIHUFF

A. CURRENT OBJECTIVES

The objective of this project is to provide support for a singleton contract agent, LIHUFF-1, who is the Executive Director of the most important organization of WOLADY businessmen in Mexico. He also continues to have access to right-wing political elements and organizations in Mexico, one of which is a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico, UNAM).

B. CHANGES

1. Operational Mechanism

There have been no changes in this respect since the previous project renewal was submitted.

2. Agents

The only agent to be supported by this project for the coming year is LIHUFF-1.

C. INTELLIGENCE PRODUCTION

- 1. Three disseminated reports were credited to this project during FY 1969:
 - HMM-11890 "University Rector's Conviction that U. S. Promoted Student Riots."
 - HMM-12003 "Views of Minister of Industry and Commerce on Forthcoming Visit of Nelson Rockefeller."
 - HMM-12008 "Views of Minister of Industry and Commerce on Government Control of Radio and Television."

SECRET

2. This agent is used as a source for background, operational and investigative data. For that reason it does not produce a sufficient amount of positive intelligence to justify its existence for that purpose. Its real value is the availability of this agent and his contacts to the Chief of Station, Mexico, for a current reading on right-wing political activities and personalities. He is also a primary investigative source for information on WOLADY citizens of operational interest to the Station. This agent has access to all reports produced by Dunn & Bradstreet in Mexico and can have investigations conducted by them.

D. EFFECTIVENESS

During the project year, the agent provided the Station with details on a proposed new federal labor law (which was subsequently passed) and an analysis on how this new law would affect foreign investors or companies. The agent also kept the Chief of Station, Mexico, advised of right-wing political activities and student agitation. He also organized at the request of COS (who, in turn, had been requested by Headquarters) a public demonstration in front of the Soviet Embassy in protest against the invasion of Czechoslovakia. LIHUFF-1 conducted about thirty-five background investigations and file traces for the Station.

E. PROBLEMS

This project has presented the Station with no problems of security or cover.

F. LIAISON

This project involves no liaison relationship.

G. INTERAGENCY COORDINATION

This project involves no interagency coordination.

FORWARDED BY SPLIT TRANSPORTED

H. PLANS

NO FIELD DISSELECTION

Station Mexico plans to continue to use LIHUFF-1 as a support agent and informant on activities of right-wing

political minority groups and for investigative and background information on persons of operational interest. The Station will also use LIHUFF-1, when so requested by Headquarters, to organize public demonstrations such as the one mentioned in paragraph D above.

I. FUNDS

,	LIHUFF-1 Sa	rity Con	FY 1969 \$ 3,600	FY 1970 \$ 3,600	FY 1971 \$ 3,600
	Operational	1 @ \$14.40/m	onth 175 225	175	175
J.	ANNEX	Total	\$ 4,000	\$ 4,000	\$ 4,000
	None				·

K. EMERGENCY CONDITIONS

There has been no change since the original emergency meeting conditions were reported.

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ACTION REQUIRED - REFERENCES LIHUFF has been approved for the period 1 July 1968 through 30 June 1969 in the amount of \$4,000, \$400 of which is available for disbursement in the field (\$3600 is payrolled at Headquarters). eresa H. BACHARDY Distribution: Orig. & 1 - COS, Mexico City 50-124-28/1 CS COPY 1 AUG 1968 CROSS REFERENCE TO DISPATCH SYMBOL AND NUMBER DATE 22 July 1968 HMW-16521 CLASSIFICATION HOS FILE NUMBER 50-124-28/1 SECRET ORIGINATING OFFICER OFFICE 6954 WH/1 N. Perkins/ OFFICER'S NAME OFFICE SYMBOL DATE RI INED CHRONO }n 53 89. HJ 1:0

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William V. Broe

C/WHD

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9 July 1968

MEMORANDUM FOR: C/WHD

SUBJECT : Project LIHUFF Renewal

- 1. This covers a singleton asset (LIHUFF-1) who is managed by COS, Mexico Station, and who serves as a general utility agent for the COS.
 - 2. Reporting is deficient.
- 3. This appears to be a bread and butter type project. It has been used successfully (e.g., during the YEVTUSHENKO visit to Mexico), and WH/FI accedes to the recommendation to renew.

Thomas Polgar C/WH/FI

EJL

cc: WH/1

SCURET

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2 July 1968

MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT:

Renewal of Project LIHUFF

- 1. Renewal of Project LIHUFF in the amount of \$4,000 is requested for the period 1 July 1968 through 30 June 1969. The project was budgeted for \$4,200 for FY 1969 and funds are available within WH Division.
- 2. During the past year, one progress report was received, in June 1968, recapitulating the activities reported in the attached renewal request. Although the Station has made use of LIHUFF's relations with the right wing student organization, MURO, in connection with Evgeniy YEVTUSHENKO's visit to Mexico this spring, the use of MURO is being de-emphasized. The main value of LIHUFF/1, a long time collaborator previously serving in Panama and beginning in OSS days, is his availability to service various requests which the COS may make of him and to provide insight into the activities of the extreme right wing of Mexican politics. His access to Dun and Bradstreet reports has also been useful.

W. J. Kaufman C/WH/1

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CLASSIFICATION PROCESSING ACTION DISPATCH SECRET/KAPOK MARKED FOR INDEXING Chief, WH Division NO INDEXING REQUIRED INFO. ONLY QUALIFIED DESK CAN JUDGE INDEXING FROM Chief of Station, Mexico City(LIHUFF Project Renewal ACTION REQUIRED - REFERENCES REFERENCE: HMMA-32306, 20 June 1968 Attached is the LIHUFF Project Renewal submitted for the period 1 July 1968 through 30 June 1969 for a total of US \$4,000.00 all of which will be spent in Fiscal Year 1969. ildical (urls Attachment: Project Renewal Request Left-hand side h/w Right-hand side u.s.c. Distribution: Orig & 2 - C/WHD w/att B - u.s.c. 510 at 1 Excluses from actionation consgrading and cerroscilication SIC ATTO BY RIDISD 50-124-28/1 Dated 7JUN 68 DISPATCH SYMBOL AND NUMBER HMMA-34773. 29 May 1968 HOS FILE NUMBER CLASSIFICATION

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REQUEST FOR PROJECT RENEWAL

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CHIEF OF STATION Millard C. CURTIS Willard C. CURTIS

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REQUEST FOR RENEWAL

PROJECT LIHUFF

A. CURRENT OBJECTIVES

The objective of this project is to provide support for a singleton contract agent, LIHUFF-1, who is the Executive Director of the most important organization of WOLADY businessmen in Mexico. He also continues to have access to right-wing political elements and organizations in Mexico, one of which is a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico - UNAM).

B. CHANGES

1) Operational Mechanism

There have been no changes in this respect since the previous project renewal was submittled.

2) Agents

The only agent to be supported by this project for the coming year is LIHUFF-1.

C. INTELLIGENCE PRODUCTION

This agent is used as a source for background, operational and investigative data. For that reason it does not produce a sufficient amount of positive intelligence to justify its existence for that purpose. It's real value is the availability of this agent and his contacts to the Chief of Station, Mexico, for a current reading on right-wing political activities and personalities. He is also a primary investigative source for information on WOIADY citizens of operational interest to the Station. This agent has access to all reports produced by Dunn & Bradstreet in Mexico and can have investigations conducted by them. For example, some forty Dunn & Bradstreet reports have been obtained (via LIHUFF/1) on persons and/or organizations of interest.

D. EFFECTIVENESS

During the project year, the agent provided the Station with

SECRET/KAPOK

- 2 -

details of Mexican Government plans to impose legislative restrictions on foreign investments and Government advice to banks to limit loans to companies with an appreciable amount of foreign capital.

This agent kept the Chief of Station, Mexico, advised of right-wing political activities and student participation in anti-LNHARP demonstrations which occurred at least once each month during the past year.

LIHUFF-1 conducted some twenty background investigations and file traces for the Station, in addition to those cited in C above.

In March LINLUCK prevailed upon a Mexican book publisher to print copies of the LINLUCK open letter to Yevtushenko as well as the text of the telegram by Soviet intellectuals to the Consultative Conference of Communist Parties in Budapest asking for an end to Soviet persecution of intellectuals. The latter handbill was illustrated with LINLUCK pen and ink drawings of Sinyavsky and Daniel behind barbed wire. At the same time the Station produced several thousand cartoon and text handbills of a beatnik Yevtushenko dancing into Mexico tossing flowers. Turning a fold of the handbill revealed a Russian officer striking off the nib of a Soviet writer's pen with his sword. In a wet run in January LITEAR: 1 directed four small boys in the distribution of the cartoon handbill in the artists' district of Mexico where Station monitors watched students and artists read and pocket the cartoon handbill. The cartoon handbill was again distributed in the artists' district' on the day of Yevtushenko's arrival. The following day, when Yevtushenko held his first recital at Mexico City's Chapultepec Park, one of the handbills was distributed by LICOAX students. while members of the "MURO" rightist student organization under direction of LIHUFF quietly distributed the other two handbills. Station officers verified that everyone in the audience held copies of the black WOFIRM material.

E. PROBLEMS

This project has presented the Station with no problems of security or cover.

F. LIAISON

This project involves no liaison relationship.

- 3 -

G. INTER-AGENCY COORDINATION

This project involves no inter-agency coordination.

H. PLANS

Station Mexico plans to continue to use LIHUFF-1 as a support agent and informant on activities of right-wing political minority groups and for investigative and background information on persons of operational interest.

I. FUNDS

- 1. The cost of the LIHUFF Project (paid by the Mexico Station exclusive of Headquarters costs) from 1 July 1967 through 31 May 1968 was approximately US \$200.00 which does not include the agent's salary of US \$3,300 (\$300 per month) advanced locally and T/Aed to Headquarters.
- During the period 1 July 1968 through 30 June 1969, an estimated US \$4,000 is requested. It will be used in the following manner:

LIHUFF-1 salary
Operational Expenses

3,600

400

Total

4,000

The above represents what the Chief of Station, Mexico City believes is the minimum that will be required to keep a working-level relationship with this agent and his organization.

J. ANNEX

None.

K. EMERGENCY CONDITIONS

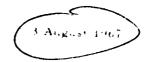
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MEMORANDUM FOR: MPS/BC/FI

SUBJECT:

CA Aspects: Project LIMUFF (FI)

- i. We note that, despite the cut-off (at Perdquarters Insistence) of CIA funds to LIHUFF action groups in 1965, and although little money is currently passed to LIHUFF-1 for ope and support purposes (\$120 in FY 1967, \$600 projected for FY 1968), the Station is continuing to use LIHUFF-1 for and hoc political action. This involves mainly Station requests and guidance for specific operations, principally narresement against conducted by MURO, the militant arch-rightist and Communist student group at the Universidad Nacional Autonoma de Maxico (UNAM).
- 2. CA/PEC questions whether the use and encouragement of MURO for these purposes is consistent with OD objectives or USC interests in Mexice, even though most of the MURO actions supported by us are directed at non-UNAM targets. Any encouragement or support to MURO, for whatever reasons, will have the inevitable by-product of resintaining and building up the prestige and influence of MURC on the UNAM campusane result antithetical to the objectives of other Station and Embassive efforts in the student field in Mexico (e.g., Project LICOAX).
- 3. We appreciate the need for a Station relitant action team for appecific harasement purposes as the need arises. We believe, however, that the long-range negative effect of perpetuating MURO curveiths the teatical short-range benefits to be derived from MURO harasement actions at our management we cannot therefore endouse this GA aspect of the LIHUFF project as presented.

(signed)
Kenneth Y. Millian
KENNETH Y. MALLIAN
C/CA/PEG

Sent orig. to WH Div. with following note: Believe this abould have been addressed to C/WH with a copy to MPS/BG. If a reply to made to CA/PEG, would appreciate a copy of it for MPS/BG project file. Thank you, LEM

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W. J. Kaufmange

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MEMORANDUM TO: Chief, Western Hemisphere Division

SUBJECT : Request for Renewal of Project LIHUFF

1. It is requested that Project LIHUFF be renewed in the amount of \$4,200.00 for the period 1 July 1967 through 30 June 1968. Funds are available in WH Division. Project costs are estimated to be the same as last year.

2. LIHUFF represents Mexico City Station's access into right wing circles, and also provides contact and rapport with the large and influential American business community there. It will be observed from the attached renewal request that a considerable portion of the project's accomplishment was along political action lines, but it has nevertheless been decided to maintain LIHUFF as an FI activity, since the addition of the investigative function to LIHUFF-1's mission balances the project more heavily on the FI side. There has been no progress reporting since 16 November 1966, at which time the station recounted the harrassing of a Czech official, the Soviet Embassy and the Chinese art exhibit. Since the principal agent is personally handled by a busy chief of station, however, and since the course of the operation changes little from month to month, the infrequent reporting is explainable.

W. J. Kaufman Chief, WH/1

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PROCESSING ACTION CLASIFICATION JISPATCH SECRET. Chief/WED NO INDEXING REQUIRED FROM Chief of Station, Mexico City SUBJECT Project LIMPF Request for Renewal ACTION REQUIRED - REFERENCES Reference: HNMA-28937, dated 13 May 1966 Attached is the LIMUFF Project Renewal submitted for the period 1 July 1957 through 30 June 1968 for a total of US \$4,200.00 all of which will be spent in Fiscal Year 1965. illard (Curtis Attachment: Lft-hand side h/w Rgt-hand side u.s.c. Distribution: (6) - Chief/WHD h/w & u.s.c. Teatre Des by Spell Transmission CS COPY 50-124-28/1 KO FIELD DISSEMIKATION CROSS REFERENCE TO DISPATCH SYMBOL AND NUMBER HMMA-32306 20 June 1967 CLASSIFICATION HOS FILE KUMBER

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REQUEST FOR PROJECT RESENAL

PROJECT LIMITE

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CHIEF OF STATIC KILLAND C. CHERTS

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HIW ATT. # 1 /2 HIMMA -32306

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RELUEST FOR RENEWAL

PROJECT LINUER

A. CURRENT OBJECTIVES

The objective of this project is to provide support for a singleton contract agent, LIMUFF-1 who is the Executive Director of the most important organization of American businessmen in Mexico. He also continues to have access to right-wing political elements and organizations in Mexico: and through these contacts, has access to a right-wing student group (principally at the Universidad Macional Autonoma de Mexico - UNAM).

B. CHANGES

1) Operational Mechanism

The LHRUFF Project was approved 18 June 1966 for the period 1 July 1966 through 30 June 1967. LHRUFF-1, the contract agent involved, has been a contact of the Mexico Station since 1950. Before that time he was a contract agent for Station Panama when he was in tudiness in that area. In November 1962 the relationship was formalized into contract status with LHRUFF-1 acting as a funding channel to an anti-Communist research group and rightist student group headed by LIHUFF-2, as well as handling LICHANT-1 and reporting on right-wing activities from other conservative business sources. Subsidies to action groups were discontinued via LIHUFF-1 during 1965. During 1966 LIHUFF-1 has been used as a support asset doing credit and other type investigations with his overt position as cover. Duri and Bradstreet listings and investigations are examples of the kind of checks LIHUFF-1 provides.

2) Agents

The only agent to be supported by this project for the coming year is LIHUFF-1.

C. INTELLIGENCE PRODUCTION

This agent is used as a source for background, operational and investigative data. For that reason, the Mexico Station makes no effort to justify this project on the basis of positive intelligence disseminations or the number of dispatches or cables produced by it. LIHUFF-1 meets regularly with and is handled directly by Willard C. CURTIS, Chief of Station, Mexico. The agent is used to obtain information on activities of right-wing political groups in Mexico. Much of this is marginal in comparison with activities of other

political groups, nevertheless, the Ambassador depends upon Station Mexico for information on all political groups. LIHUFF-1 is the only Station asset who circulates freely in these circles. During the past year, LIHUFF-1 has conducted through his organization, investigations and checks on firms and individuals connected with them. This type of operational data is not available from any other sources. LIHUFF-1 has access to all reports produced by Durp & Bradstreet in Mexico; and can have investigations initiated by them and others.

D. EFFECTIVENESS

Some examples of the effectiveness of this project are:

- 1) During the past year, LIRUFF-1 provided guidance to a right-wing action group which launched a press attack against the Commercial officer of the Czech Embassy (Subject of 201-204656) which resulted in his PCS transfer from Mexico.
- 2) In late August 1966 LIHUFF-1 arranged for a right-wing action group to conduct a harrassment of a Chinese Communist Art Exhibit at the UNAM which resulted in the closing of the exhibit. This action was taken as a result of a personal request of the Chief LNPURE. Results were reported to Headquarters.
- 3) In October 1966 LIHUFF-1 arranged for a student action group to conduct a demonstration in front of the Soviet Embassy on the 10th anniversary of the crushing of the Hungarian rebellion. This resulted in considerable press comment against the Soviets with photographic coverage of a casket and anti-Soviet banners on the sidewalk in front of the Soviet Embassy.
- 4) Some investigations conducted by LIHUFF-1 through his firm were:
 - Lago Wenner 98, Mexico 17, D.F. (of interest to the Soviet Case Officer)
 - b) GSP Ingenieros Asociados, Manuel Maria Contreras 94-405 Mexico, D. F.
 - c) Basculos Mantro, S.A. Xicotencatl 11 Santa Clara, Edo. de Mexico
 - d) Barnices Aislantes, S. A. Lic. Alfredo PORRAS Ing. Ralph WIEGANDT Enrique OSORIO Robles

E. PROBLEMS

There have been no significant security, cover or control problems with LIHUFF-1 during the project year.

F. LIAISON

This project involves no liaison relationship.

G. INTER-AGENCY COORDINATION

This project involves no inter-agency coordination.

H. PLANS

Station Mexico plans to continue to use LIHUFF-1 as a support agent and informant on activities of right-wing political minority groups.

I. FUNDS

1. For the Past Period.

The cost of the LIHUFF Project (paid by the Mexico Station exclusive of Headquarters costs) from 1 July 1966 through 31 May 1967 was approximately US\$ 120.00 which does not include Subject's salary of US\$ 3,300 (300 per month) advanced locally and T/Aed to Headquarters.

2. During the Next Project Year.

During the period 1 July 1967 through 30 June 1968, an estimated US \$4,200 is requested. It will be used in the following manner:

LIHUFF-1 Salary

\$3,600.00

Operational Expenses

600.00

Total

\$4,200.00

The above represents what Chief of Station Mexico believes is the minimum that will be required to keep a working-level relationship with this agent and his organization. J. ANNEX

None

K. EMERGENCY CONDITIONS

There has been no change since the last project renewal.

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W. J. Kaufman

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8 June 1966

MEMORALDUM FOR: Chief, WH Division

SUBJECT LIMUFF Project Renewal

- 1. It is requested that the LIMUFF Project be renewed for the period 1 July 1966 through 30 June 1967 for \$4,200. It was approved for \$9,000 last year, reflecting a 50 per cent cut this year in an effort to cut to a minimum project obligations. Funds are available in WH Division.
- 2. LIEUFF provides the Station's only agent with access to rightist political organizations. The information gathered through LIHUFF-1 is used mainly for background information for operational planning and Embassy memoranda, rather than for positive dissemination. The Station and WH/1 believe that the Station needs to get this other side of the picture in order to balance out the reporting on leftist activity in Mexico.
- 3. Since July 1965, LIHUFF has been the source of five positive intelligence reports -- four on rightist and leftist university activity and the fifth on the Fondo de Cultura Economica publishing house.

4. WH/1 recommends renewal.

Walter J. Kanfman C/WH/I

PROCESSING ACTION L. SPATCH MARKED FOR MODERN Chief, WHD INFO. ONLY QUALIFIED DESK CAN ALOCE INDEXING Chief of Station, Mexico City SUBJECT Project LIHUFF Request for Renewal ACTION REQUIRED - REFERENCES Reference: HMMA-26353, dated 15 June 1965 Attached is the LIEUFF Project Reneval submitted for the period 1 July 1966 through 30 June 1967 for a total of US\$ 4,200.00 all of which will be spent in Fiscal Year 1967. Unicia C. Centes' for/Willard C. CURTIS Attachment: (split) Left hand side h/w Right hand side usc Distribution: (3)- C/WHD w/att h/w & use E COPY CROSS REFERENCE TO DISPATCH SYMBOL AND NO HMMA-2593 13 May 1966 CASSIFICATIO HÇS FILE NUMBER

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REQUEST FOR PROJECT RENEWAL

PROJECT LIHUFF

CASE OFFICER Millard C. Curtis

STATION Mexico City

CHIEF OF STATION Willard C. Curtis

FORWARDED BY SPLIT TRANSMISSION NO FIELD DESSEMMATION.



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REQUEST FOR RENEWAL

PROJECT LINUFF

A. CURRENT OBJECTIVES

The objective of this project is to provide for the operational and administrative support for a high-level contract agent, LIMUFF-1, who has access and is a participant in the right-wing political elements and organizations in Mexico; and through one of these contacts, has access to a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico - UNAM).

B. CHANGES

1) Operational Mechanism

The LIHUFF Project was approved in September 1965 for the period 1 July 1965 through 30 June 1966. LIHUFF/1, the singleton agent involved, has been a contact of the Mexico Station since 1950. Before that time he was a contract agent for Station Panama when he was in business in that area. In November 1962 the relationship was formalized into contract status with LIHUFF/1 acting as a funding channel to an anti-Communist research group and rightest student group headed by LIHUFF/2, as well as handling LICHANT/1 and reporting on right-wing activities from other conservative business sources. This activity was funded from Station OOA until 1 July 1965. The LIHUFF Project provided only for salary and operational expenses for LIHUFF/1.

2) Agents

The only agent to be supported by this project for the coming year is LIHUFF/1. No further subsidies are planned to LIHUFF/2. LICHANT/1 was relieved of his position in the Ministry of Education and is not included as a part of the LIHUFF Project. However, LIHUFF/1 continues in his private business capacity to solicit funds for the LIHUFF/2 group and will continue to use them as sources for information on right-wing political activities.

C. INTELLIGENCE PRODUCTION

The Mexico Station makes no effort to justify this project on the basis of positive intelligence disseminations. The information is primarily for background. It is often too sketchy for formal dissemination and is

frequently overtaken by public events before a dissemination can be made. LIHUFF/1 meets regularly with and is handled directly by Willard C. Curtis, Chief of Station Mexico. The agent is used to obtain information in response to Priority A.3. of the most recent Related Mission Directive (HM3-4218, 27 July 1966). In addition to the RMD, Chief PESMINO depends upon Station Mexico for information on all political groups. LIHUFF/1 represents the only high-level source trained and available who can circulate freely in Mexican concervative political circles and provide the Mexico Station with information on their activities. During the past project year LIHUFF/1 has provided the Station with the following general categories of information:

- 1) Memoranda on leftists or Communist affiliation of members of the Mexican intellectual and official community. This is generally based on contribution of funds or public assistance in behalf of known leftist or Communist organizations, hence the information is useful for background rather than dissemination.
- 2) Information on Catholic Church activities in Mexico, including press clippings and periodic reports on the rightest student action group, Movimiento Universitario Renovadora Orientacion (MURO) active at the Universidad Nacional Autonoma de Mexico (UNAM), the Universities of Puebla, Guadajalara and Michoacan. HM-10,325, the only positive intelligence dissemination received from LIHUFF during the past project year was obtained from the MURO group at UNAM. In August 1965, Chief, PBSWING asked for a complete report on "Los Tecos", a right-wing Catholic secret society of which MURO is a student arm. This information was required by Chief, PESWING, to make a decision on the application of the Universidad Autonoma de Guadalajara (U.A.G.) for certain U.S. Government-sponsored monetary grants of several hundred thousand dollars to be used for development of this anti-Communist University which is competitive with the Communist dominated University of Guadalajara. From background data previously supplied by LIEUFF and other sources, a detailed report was made available to Chief, PBSWING.
- 3) Anti-Communist publications from LIHUFF/2's right-wing research center and MURO student publications, all of which are available to Headquarters and are of interest to the Station for background.

D. EFFECTIVENESS

This project provides the Station with a window into right-wing

political activities. Also, as previously reported to Headquarters, the groups influenced by LIHUFF/1 represent a potential for counter balancing for leftist and Communist pressure groups. One example of this can be cited in action taken by student MURO leaders in August 1965. The Cuban Ambassador to Mexico, Joaquin HERNANDEZ Armas, set about making speeches at Mexican (leftist) Universities of Tabasco, Michoacan and Guadalajara proposing Mexican-Cuban student exchanges. MURO members immediately set up a storm of public protest, demanding that HERNANDEZ Armas be declared persona non-grata for spreading subversive propaganda and agitating on university campuses. This caused HERNANDEZ Armas to be a target for considerable unpleasant press publicity. Through LIHUFF/1, the Station Mexico can exploit such incidents when it is to KUBARK's advantage to do so.

E. PROBLEMS

There have been no significant security, cover or control problems with LIMUFF/1 during the project year.

F. LIAISON

This project involves no liaison relationship.

G. INTER-AGENCY COORDINATION

This project involves no inter-agency coordination.

H. PLANS

Station Mexico plans to continue to use LTHUFF/l as an informant and monitor of activities of right-wing political minority groups.

I. FUNDS

1. For the past period.

The cost of the LIHUFF Project (paid by the Mexico Station exclusive of Headquarters costs) from 1 July 1965 through 30 April 1966 was approximately US\$ 5,150.00 which included Subject's salary of US\$ 3,000.00 (6300 per month). US\$ 3,250.00 is available for the remainder of the project year.

During the next project year.

During the period 1 July 1966 through 30 June 1967, an estimated US\$ 4,200.00 is requested. It will be used in the following manner:

> \$3,600.00 LIMUFF/1 Salary Operational expenses

600.00

. Lu. Total

\$4,200.00

The above represents what Chief of Station Mexico believes is the minimum that will be required to keep a working-level relationship with this very useful agent.

J. ANNEX

None.

EMERGENCY CONDITIONS

If an official enti-USA atmosphere of sufficient intensity prevailed in Mexico, it is unlikely that LIMUFF/1 could remain in the country in his present business. In a general emergency, LIMUFF/1 would maintain contact by Chief of Station Mexico by telephone, mail or personal visits.

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Maio L. SCALIFFE

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MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Renewal of Project LIHUFF

- 1. Renewal is requested of the LIHUFF Project for the period 1 July 1965 through 30 June 1966 for a total of \$9,000. The LIHUFF Project was originally approved on 20 April 1965 for \$7,500 for the period 1 January 1965 to 30 June 1965 as a CA Project. It has been decided that the direction of the agent under this project and the project objectives in general will be changed from CA to FI, and therefore, the renewal request is being submitted as an FI Project. The Operational Program for FY 1966 included LIHUFF for \$16,000. Funds are available in WH Division.
- 2. The Project objectives under CA were to support and sustain MURO, a national right-wing student movement, through a long-established anti-communist front organization in Mexico, the Instituto de Investigaciones Sociales y Economicas (IISE). This support was terminated effective 30 June 1965 as it became apparent that the IISE was financially capable of providing this support on its own and MURO became more and more controversial and extremely militant on the far right. Under the new project submitted by the Station, support will be provided to a U.S. contract agent who has access to a wide variety of rightwing political elements and organizations in Mexico. The project is responsive to Priority A3d and f of the RMD.
- 3. This project is the only project in the Mexico Station which will cover rightist political activity in Mexico, emphasis in other projects and operations being geared against the extreme left and the present political party, the PRI, which is slightly left of center. Other than LICHANT-1, the only other access to the Ministry of Education is LIBELER who is carried under his own project.

- 4. Headquarters and the Station are looking forward to receiving better coverage on the rightist political activity in Mexico. WH/l is preparing guidelines and requirements for this project which will reflect the needs of the intelligence community. These requirements will be furnished the field so that proper utilization can be made of LIHUFF-l and his contacts and informants. During the last fiscal year, three reports were credited in full or in part to LIHUFF-l.
- 5. Last year the Station submitted regular quarterly progress reporting in addition to more detailed reporting on certain activities. The Station will be reminded to provide a minimum of quarterly reporting during the next year.
- 6. WH/l recommends approval of the new LIHUFF Project as it is set forth in the attached Station renewal request. The delay in submission of the renewal request is that it was just decided to change this Project to FI and cancel out most of the CA aspects. As a CA Project the renewal request was not due at Headquarters until mid-July 1965.

W. J. Kaufman Chief, WH/1

WH/POA 289-65 4 August 1965

MEMORANDUM POR: DC/WHD

SUBJECT : LIHUFF Renewal

- 1. Project LIHUFF has been active as a CA project for a number of years. It is now being renewed and submitted as an FI project. Its purpose and objective is to support a singleton U.S. contract agent (LIHUFF-1) who has access to a wide variety of right wing political elements and organizations in Mexico in order to develop information on this political and social sector. This effort is in consonance with priority A3d and f of the RMD and is the only one which covers rightist political activity in Mexico.
- 2. Since LIHUFF was previously a CA project, there is, therefore, no data on which to judge past intelligence product although three reports resulted in the past year. The Mexican Desk and the Station are taking steps to prepare suitable requirements in keeping with LIHUFF-1's access and the objectives of the project.
- 3. The reporting received from the Station with regard to the operational status of the agent and project appears to have been adequate in the past. There are no apparent security or control problems.
- 4. \$9,000 has been requested in support of the project effective 1 July 1965. Of this amount \$5,400 is marked for operational expenses, entertainment, and travel. A study of the detailed project outline leads to the conclusion that this latter figure is somewhat excessive when viewed against anticipated operational activity and in all likelihood only very little of it will be expended.
 - 5. Project LIHUFF is recommended for approval.

GERARD DROLLER C/WH/POA

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MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Approval of Project LIEUFF

1. WH/1 requests approval of Project LIHUFF in the amount of \$7,500 for the second half of FY 1965. The project has been programmed in the amount of \$20,000 for FY 1965 and these funds are available in WH.

FINANCIAL DATA:

Fiscal Year	From Developmental Funds
1963	\$ 5,000
1964 1965 (Second half)	19,000 7,500

2. This new project is to provide some support and help sustain an independent Mexican anti-communist group called the Instituto de Investigaciones Sociales y Economicas. The group founded in 1953 has as its aim the spreading of the principles of free enterprise and private initiative. LIHUFF is particularly active in the student field, having organized a nation-wide, right-wing, active student organization called Movimiento Universitatio de Renovadora Orientacion (MURO). LIHUFF funds will be used to pay a salary to LIHUFF-1, an American businessman with previous experience with CIA in Panama, and for spot covert action activities such as the militant anti-communist student activities in the universities and the placement of articles in the press.

3. Effectiveness

During the developmental period of this activity, the following indications of effectiveness have been reported:

- A. Former Ambassador Thomas Mann valued the IISE publication "Espejo" as worth far more than what one man in the field could accomplish. (Station funds no longer support "Espejo.")
- B. The IISE continues to provide the Station with a research facility not otherwise available.
- C. Provided the Station with a valuable intellectual asset, Manuel Calvillo Alonso, who is a source of FI on right-wing political groups and who completed a book at Station request on the "Penetration of the Mexican Educational System by Communists."

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- D. MURO's 200 shock troops have campaigned vigorously against Communism and pro-Castro groups at the National University (UNAM), and in the Universities of Puebla and Guadalajara. MURO takes major credit for the ouster in past months of Communist rectors from the Universities of Monterrey, Puebla, Guadalajara, and Morelia; MURO continues to place anti-communist articles in the national media of interest to students and government leaders; MURO has carried out successful demonstrations against the Soviet Embassy.
- E. MURO took an active part in cabling the Chilean government protesting the Communist nature of the Latin American Youth Conference in Santiago.
- F. LTHUFF-2 is used by the Station for writing and placing certain types of strong anti-Soviet articles in Excelsion and El Universal.
- G. LIHUFF-2 acquired evidence of a large purchase of American hospital supplies by two professors at UNAM for transhipment to Cuba.

4. Security

The IISE is funded through a cut-out in such a way that CIA participation is concealed. Only LIMUFF-1, who is met clandestinely by a Station case officer, is witting of the true source of funds. There have been no security problems during the developmental period of this activity.

Reporting on this proposed project has been adequate. Five progress reports were received during the past year.

> W. J. Kaufran Chief, WH/1

PROJECT LIEUFF

A. Identification

Mexico City, Mexico--Political Action. See C. below for other countries which may become involved.

B. Objectives.

To support and sustain a national right wing student movement, Movimiento Universitario de Renovadera Crientacion (MARO), through a long-established anti-communist front organization in Nexico, the Instituto de Investigaciones Sociales y Economicas (IISE). To maintain and influence significantly this front group by obtaining a measure of substantial control through this continued funding. To assist in maintaining a counterbalancing influence on the common party, PRI, against far leftist pressures through this organization, IISE. To accomplish the following objectives in the Related Mission Directive: Priority A. 3f; Priority B. 3a, b, c.

C. Background.

- 1. The IISE was founded in 1953 under the auspices of a group of Memican bankers, industrialists, and merchants to spread the principles of free enterprice and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to emplore the dangers of Communism, particularly in its economic aspects, and hypernationalism; it has organized the student group MURO; it has published books, pamphlets, and news letters on Communism as well as the dangers of economic socialism; it has engaged in considerable press placement on various matters involving private initiative and the Communist threat; and it has accumulated a file of basic data on events and individuals revolving about Communism that would be difficult for any private Mexican group to duplicate.
- 2. In June 1960, LIMUFF-1 visited the Embassy's Political Counselor and requested an Embassy contact with LIMUFF-2's organization. Subsequently, the Ambassador asked the COS to explore the possibility of giving financial help to the group headed by LIMUFF-2. In mid-August 1962 (HIES-2530 RYBAT), Oliver G. CALBOND advised the Mexico Station that the group had been receiving partial financial aid from a group of U. S. business corporations solicited by Mr. Henry Holland, now deceased, and that Headquarters had also provided some financial assistance through this channel. After the death of Mr. Holland, it was recommended that the funding be handled through the Mexico Station. Specifically, this was to help pay for the publication "Espejo," an economic journal which strongly supports the free enterprise system. The Ambassador was consulted and he replied that he thought LIMUFF-2 was one of the few economists in Mexico fighting Communism.

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The Ambassador also said that everything possible should be done to support "Espejo" (MART-3023 FINAT 1926, 30 August 1962).

- 3. A project was submitted by the Station on 22 March 1963 (BLM-20931), but Headquarters on 12 July 1963 (DIR-53801) indicated the project had been disapproved as submitted and that instead the Station funding should support the student activity NURC on a spot assistance basis. This was done with the U. S. business associates of LHRUFF-1's picking up the cost of the "Espejo" magazine, some \$1,200 per month. The Station's assistance since that time has been confined to the payment of LHRUFF-1's calary (\$500 per month) and the payment of \$500 per month to MURO. The Station, however, retains access to the full range of the LHRUFF mechanism and potential.
- 4. MURO, the militant student organization, is extremely active in the political action field, in the provinces as well as in the capital. The IIEE organization has its offices in Mexico City, with associated offices in Salvador and Guatemala and working contacts in the provinces of Mexico and in several capital cities of Latin America.
- 5. LHUFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or treedom. In Mexico this type of organization is rather unique, as the trend in Mexico is toward more government intervention. The IISE also prepares and sends out to provincial newspapers editorials featuring anti-communist themes. In the last five years the IISE has collected seventy loose-last binders filled with editorial clips authored in the IISE office. This organization also sponsors a training course at which interested groups of 15 to 20 persons are indoctrinated.
 - 6. LIMUFF-2, the Director of the IISE, has shown complete dedication to the program. The members of the organization, especially the students, have demonstrated courage and competence in a variety of operations.

D. Operational Assets.

1. Personnel.

1. LIHUFF-1 is a 48-year-old American businessman who acts as a cut-out and operational adviser to LIHUFF-2, the Director of the group. LIHUFF-1 worked for CIA in Panama from April 1947 until April 1949 when he returned to Nexico. He was in contact socially with members of the Memico Station and in November 1962 was hired for the above work. Training was not required since LIHUFF-1 has been in intelligence work from his service with U. S. military intelligence during WWII. He was engaged to work for U. S. military intelligence in Pexico until late 1962. He knows he is working for CIA. HIW-11040 of 25 October 1962 granted an CA for LIHUFF-1.

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2. LIEUFF-2 is a 47-year-old Mexican lawyer. He is also a well-known economist who directs an economic research organization in Mexico and other Latin American countries. He is met by LIEUFF-1. LIEUFF-2 protably suspects that funds may come to him from the U. S. Government; however, cover used is that the money is from private business groups. He was granted an CA on 26 Cetober 1962.

2. Mechanisms.

- 1. The principal officers of the IIEE group are listed in Appendix 1. buring early 1964 MARC organized a strong and large chapter of its organization at the University of Vera Cruz, Jalama. This University has seme 23,000 students and a sizable communist infiltration in its student ranks. This makes four universities now in which MURO has chapters: Universidad Nacional Autonoma de Mexico (UNAM), University of Fuebla, University of Sundalajara, and the University of Vera Cruz. Three of these, with the exception of Guadalajara, are noted centers of communist activities.
- 2. a. The IIEE organization frequently and regularly makes precs placements in all of Mexico City's leading newspapers. Its elitorial features are also regularly accepted by provincial publications. General propaganda and political actions of the organization will be influenced and guided by the Station.
- b. The IISS editorial service for provincial newspapers has been used by the Station.
- c. The IISE's international connections, especially the associated offices in Salvador and Guatamala, will be emploited.
- d. The Station will continue to call on the IESE to fill research needs.
- e. Samples of publication and propaganda material are attached.

E. Security Evaluation.

The IIEE organization is funded through a cut-out in such a manner that CIA participation is concealed. It is not connected in any way with any other CIA operation. There have been no security problems which have come to the attention of the Station in connection with this activity. Both LIMFF-1 and LIMFF-2 have been, to the Station's knowledge, quite discreet about their relationship. In view of the nature of the IIEE, there has been no curiosity about the source of funds contributed by the Station.

F. Coordination.

1. All coordination with other U.S. elements will be handled by the COS Mexico as such situations arise. For the present there are none. The former Ambassador Mr. Thomas Mann asked the COS Mexico to assist the IISE group financially. Also, the operational use of LIMUFF-1 was cleared with U.S. military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

Relationship to Other Projects

- a. LICCAX: Both projects LICCAX and MURO are operating at UMAN, a University of upwards of 80,000 students. So far there have been no basic problems of conflict since MURO is working the Catholic side of the street while LICCAX works on the so-called "independents," and there is still plenty of room for both to operate. In this connection, it should be noted that a great deal of MURO student effort is devoted to universities outside Mexico City.
- b. LISIFEN: This project is concerned with a mass propaganda approach to Communism in Mexico. It is headed by a group of businessmen known as the Committee of Mine. The only relationship between LIHUFF and LISIREN is in the fact that four of the members of the Committee of Mine are also members of LIHUFF's 26-man "Board of Directors." This idea not necessarily mean an interlocking directorate between the two projects since, as in many similar activities in the U.S., individuals interested in civic or outside activities of this nature are frequently tapped to serve in multiple assignments.
- c. LILISP/C: Since LILISP/C is a National Student Organization stressing student affairs in the interior of Mexico, obviously LILIVF and LILISP/C are working in the same general field in universities cutside Mexico City. However, in these universities in which LIMITF is concentrating its efforts, this can be a complementary relationship since LIMITF can work in much more depth in these universities than can LILISP/C and can affiliate its groups to the LIMISP/C National Student Confederation which is the only one now generally recognized in Mexico. LIMISP/C, as a National Student Confederation, obviously can only spend very limited time on any single university or stuation.

G. 1. Costs.

It is requested that the following estimates be approved for use in the LIHUFF project for the period 1 January 1965 through 30 June 1965.

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LIHUFF-1 Salary	\$ 6,000	\$2,500
"Espejo"	12,000	
MURO Student Organization	\$ 6,000 12,000 .8,000	5,000

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Station Mexico proposes to pay only a portion of the IISE operation. It is not intended that this partial support will make the organization a completely controlled station asset. It will make it responsive to station guidance. The organization receives funds from private groups but the Station does not know the amounts of all the donors and it is unlikely that we will ever know these exactly.

2. Foreign Currency.

There are no special requirements for foreign currency.

3. Commitments.

No permanent commitments have been made.

4. Funding and Accountability.

Funds will be paid to LHAUFF-1 by the inside case officer. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

H. Annexes.

1. Administrative Plan or Fiscal Annex.

It is not believed that this annex is required for the LIEUFF Project.

2. Communications.

There are no communications requirements for the present time.

3. Technical Support.

There are no technical support requirements for this project.

4. Logistics.

There are no logistical requirements for this project.

5. Intelligence.

Operational intelligence from other U.S. Agencies is not required. Intelligence production from this developmental project has included nine FI reports during 1964 aside from a good deal of report material which, though not disseminable, is of considerable interest to the Station.

APPENDIX I

Principal Officers of the IISE:

Director: Lic. Agustin MAVARRO V.

Lic. Carlos SANCIEZ MEJORADA

Enrique UHTHOFF Hugo SALIMAS

Lic. Guctavo R. VELASCO

Ing. Jose RIVERA R. Lic. Pedro Abla Sais

Anibal de ITUREDE

Mariano R. SUANEZ

Ing. Jose de la MACCRRA

Jacobo PEREZ Barroso

Lic. Arturo BUENO Y Urquidi

Lic. Carlos LONEZ de Llergo

Ernesto J.A.ESCUA

Guillermo GUAJARDO Davis

Jose A. RECALDON

Lic. Eduardo PRIETO Lopez

Antonio L. RODRIGUEZ

Tomas G. COARASA

Lic. Antonio FEREZ Verdia Jr.

Adolfo I. RIVEROLL

Federico SANCIEZ Fogarty Clemente SERIA Nartinez

Cayetano BLANCO Vigil

Felix DIAZ Sarma

Enrique AYALA Hedina

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I. Emergency Conditions.

Since the Director of the group is a Nexican national, he could continue living and working in Nexico in the event of emergency anti-U. 5. situations; however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or cease to function in Mexico. However, a change in the Mexican political scene may not affect the group's offices in other Latin American countries. In the event of an emergency situation, contact can be made by the case officer with either LIHUFF-1 or LIHUFF-2.

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ONG CTHALLIWELL 6 UNIT .WH/1 EXT 4523 D NO BOOK DATE 21 APRIL 1965 THE IN CS FILE NO. 50. 4 22 Apr 65 23 to .Mexico City FROM DIRECTOR SIG CEN DEO CAZIPGZ, VRIFILE, CIJOA CONF 10 MEXI 03908 REFS: HMMA 25728* DIR 99774** MHSPAWN LIHUFF LIHUFF APPROVED 20 APRIL 65 FOR \$7500 LAST HALD FY 65. DECISION AS DISCUSSED IN JAN 65 WITH STATION IS TO TERMINATE BY JUNE 65 ALL SUBSIDIES TO MURO. IN EVENT LIHUFF-2 RETAINED ON PAYROLL IN FY 66 STATION SHOULD RENEW LIHUFF AS SUPPORT PROJECT ORE PLACE L-1 UNDER OTHER PROJECT. END OF MESSAGE WH Comment: *The Station would appreciate a response to the status of the LIHUFF project and what has been the final decision. ** Please advise effective date LIHUFF-1 MOC change. Expect for second half FY 65 \$2500 for L-1 salary. DESMOND FITZGERAL MXXXX W. J. KAUFMAN CHIEF, WHD CHIEF, WH/1 File Li COGRDINATING OFFICERS SECRET

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FEMORARDIM FOR: Chief, Western Hemisphere Division

SUBJECT : Approval of Project LIBUTY

1. WH/1 requests approval of Project LUMFF in the amount of \$7,500 for the second balf of FY 1965. The project has been programmed in the amount of \$20,000 for FY 1965 and these funds are available in WH.

FIRANCIAL DATA:

Fiscal Year	From Developmental Funds
1963	\$ 5,000
1964 1965 (Second half)	19,000
TACA (DECORD UNITY)	7,500

2. This new project is to provide some support and help sustain an independent Mexican anti-communist group called the Instituto de Investigaciones Sociales y Economicas. The group founded in 1953 has as its aim the spreading of the principles of free enterprise and private initiative. LIEUFF is particularly active in the student field, having organized a mation-wide, right-wing, active student organization called Movimiento Universitatio de Renovadora Orientacion (MERO). LIEUFF funds will be used to pay a salary to LIEUFF-1, an American businesseen with previous experience with CIA in Fenance, and for spot covert action activities such as the militant anti-communist student activities in the universities and the placement of articles in the press.

3. Effectiveness

During the developmental period of this activity, the following indications of effectiveness have been reported:

- A. Forser Ambassador Thomas Namn valued the HEE publication "Espajo" as worth for more than what one man in the field could accomplish. (Station funds no longer support "Espajo.")
- 8. The IIEE continues to provide the Station with a research facility not otherwise available.
- C. Provided the Station with a valuable intellectual asset, Masuel Calvillo Alonso, who is a source of FI on right-wing political groups and who completed a book at Station request on the "Penetration of the Maximan Educational System by Communists."

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- D. MIRO's 200 shock troops have campaigned vigorously against Communism and pro-Castro groups at the Entional University (UHAM), and in the Universities of Purbla and Cambalajara. MIRO takes major credit for the ouster in past mouths of Communist rectors from the Universities of Nonterray, Purbla, Guadalajara, and Morelia; MIRO confines to place anti-communist articles in the national media of interest to students and government leaders; MIRO has carried out successful demonstrations against the Soviet Embassy.
- E. MEO took an active part in cabling the Chilean government protesting the Communist nature of the Latin American Youth Conference in Fantiago.
- F. LHEUFF-2 is used by the Station for writing and placing certain types of strong anti-boviet articles in Excelsion and $\underline{\text{Bl}}$ Universal.
- G. LIBUT-2 acquired evidence of a large purchase of Asserican hospital supplies by two professors at UNAN for transhipment to Cuba.

b. Security

The IISZ is funded through a cut-out in such a way that CIA participation is conscaled. Only LIEFF-1, who is not clandestinely by a Station case officer, is witting of the true source of funds. There have been no security problems during the developmental period of this activity.

5. Reporting on this proposed project has been adequate. Five progress reports were received during the past year.

W. J. Kaufman Chief; WE/1

PROJECT LIEFY

A. Identification

Mariec City, Marico--Political Action. See C. below for other countries which way become involved.

B. Objectives.

To support and sustain a national right wing student sovement, Novisiente Universitario de Nanovedora Crientacion (NACO), Eurough a long-established anti-communist front organization in Nexico, the Instituto de Investigaciones Sociales y Sconomicas (INE). To maintain and influence significantly this front group by obtaining a measure of substantial control through this continued funding. To assist in maintaining a counterbalancing influence on the common party, PAI, against for leftist pressures through this organization, IEEE. To accomplish the following objectives in the Related Mission Firective: Priority A. 3f; Priority B. 3a, b, c.

C. Background.

- 1. The IDES was founded in 1953 under the empires of a group of Mexican benkers, industrialists, and cerehants to spread the principles of free enterprice and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Communica, particularly in its economic aspects, and hypernationalise; it has organized the student group MIRO; it has published books, peophlats, and news letters on Communica as well as the dangers of economic socialism; it has engaged in considerable press placement on various exiters involving private initiative and the Communicat threat; and it has accumulated a file of basic data on events and individuals revolving about Communica that would be difficult for any private Mexican group to deplicate.
- 2. In June 1960, LIMIT-1 visited the Embassy's Political Commelor and requested an Embassy contact with LIMIT-2's organization. Embassymently, the Ashessador asked the COF to employ the possibility of giving finencial belp to the group beseed by LIMET-2. In sid-August 1962 (MSE-2530 RYAT), Oliver G. GALBURD advised the Excise Station that the group had been receiving partial financial aid from a group of U. N. business oceparations solicited by Mr. Emery Holland, now deceased, and that Eccimarters had also provided some financial assistance through this channel. After the death of Mr. Holland, it was recommended that the funding be bandled through the Maxico Station. Especifically, this was to help pay for the publication Tespajo," an occassic journal which strongly supports the free enterprise system. The Ambassador was consulted and he replied that he thought LIMET-2 was one of the few economists in Maxico fighting Comments.

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The Asheseador also said that everything possible should be done to support "Reselo" (1987-3023 KYBAT 1925, 30 August 1952).

- 3. A project was subsitted by the Station on 82 March 1963 (1884-20931), but Handquarters on 12 July 196? (DIE-53801) indicated the project had been disapproved as subsitted and that instead the Station funding should support the student activity MORG on a spot assistance basis. This was done with the U.S. business associates of LIMPY-1's picking up the cost of the "Espajo" magasine, come \$1,200 per mouth. The Station's assistance since that time has been confined to the payment of LIMPY-1's salary \$500 per month) and the payment of \$500 per month to MIND. The Station, however, retains access to the full range of the LIMPY mechanism and potential.
- 4. MRO, the militant student organisation, is extremely active in the political action field, in the provinces as well as in the capital. The IISH organization has its offices in Fewico City, with associated offices in Enlyador and Cuntemnia and working contacts in the provinces of Mexico and in several capital cities of Latin America.
- 5. LIEFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Mexico this type of organization is rather unique, as the transfin Mexico is toward more government intervention. The ILE also prepares and sends out to provincial newspapers editorials featuring anti-communistic thanss. In the last five years the IRE has collected seventy loose-leaf binders filled with editorial clips authored in the IRE office. This organization also sponsors a training course at which intercated groups of 15 to 20 persons are indoctrinated.
- 6. LIMPT-2, the Director of the IDE, has shown complete dedication to the program. The sembore of the organization, especially the students, have been extrated courage and competence in a variety of operations.

D. Operational Acosts.

1. Personnel.

1. LIBSF-1 is a 48-year-old American businesseen who acts as a cut-out and operational advicer to LIBSF-2, the Director of the group.
LIBSF-1 worked for CIA in Panesa from April 1947 until April 1949 when he returned to Funice. He was in contact socially with members of the Mexico Station and in Howesher 1962 was hired for the above work. Training was not required since LIBSF-1 has been in intelligence work from his earvice with U. 6. military intelligence during Wall. He was empayed to work for U. 8. military intelligence in Mexico until late 1962. He known he is working for CIA. Here-11040 of 25 October 1962 granted an CA for LIBSF-1.

2. LHEWF-2 is a 47-year-old Maxican lawyer. He is also a well-known economict who directs an economic research organization in Maxico and ther latin American countries. He is met by LHEWF-1. LHEWF-2 probably suspects that funds may come to him from the U. S. Government; however, cover used is that the money is from private business groups. He was granted an CA on 25 October 1962.

2. Machanisma.

- 1. The principal officers of the IISE group are listed in Appendix
 1. During early 1964 MIRO organized a strong and large chapter of its
 organization at the University of Vera Cruz, Jalapa. This University has
 some 23,000 students and a sizable communist infiltration in its student
 ranks. This makes four universities now in which MIRO has chapters:
 Universited Racional Automora de Mexico (UNAM), University of Purbla,
 University of Guadalajara, and the University of Vera Cruz. Three of these,
 with the exception of Quadalajara, are noted centers of communist activities.
- 2. a. The ILE organization frequently and regularly makes press placements in all of Mexico City's leading messpapers. Its editorial features are also regularly accepted by provincial publications. General propaganda and political actions of the organization will be influenced and guided by the Station.
- b. The HEE editorial service for provincial nevopapers bas been used by the Station.
- c. The IDE's international connections, especially the associated offices in Calvador and Gesterals, will be exploited.
- d. The Station will continue to call on the ILEE to fill research made.
- e. Despies of publication and propagands meterial areattached.

E. Security Evaluation.

The IIEE organization is funded through a cut-out in such a manner that CIA participation is concealed. It is not connected in any way with any other CIA operation. There have been no security problems which have exact to the attention of the Station in connection with this activity. Both LIMMF-1 and LIMMF-2 have been, to the Station's knowledge, quite discrept about their relationship. In view of the nature of the IIEE, there has been no curiosity about the source of funds contributed by the Station.

F. Coordination.

1. All coordination with other U. S. elements will be handled by the COS Mexico as such situations arise. For the present there are none. The forces Ambassador Fr. Thomas Manu asked the COS Mexico to assist the ILES group financially. Also, the operational use of LURFF-1 was cleared with U. S. military intelligence when it was learned that they also had an interest in using him in claudestime operations. They are not using him at the present time.

Relationship to Other Projects

- a. LICCAI: Both presents LICCAX and MIRO are operating at UNAH, a University of upwards of BO,000 students. So far there have been no basic problems of conflict since MIRO is working the Catholic side of the street while LICCAX works on the so-called "independents," and there is still planty of row for both to operate. In this connection, it should be noted that a great seal of MIRO student affort is devoted to universities outside Mexico City.
- b. LIPINE: This project is concern: I with a mass propagando approach to Commiss in Maxico. It is beaded by a group of businessess known as the Commisse of Sine. The only relationship between LIMBY such LIMBES is in the fact that four of the newbore of the Committee of Sine are also measured of LIMBY's 25-can "Board of Directors." This does not proceed by measuredly mean an interlocking directorate between the two projects since, as in every similar ectivities in the U.S., individuals interested in civic or outside activities of this mature are frequently typed to serve in multiple acaignments.
- e. LILEP/C: Gince LILEP/C is a Mational Student Organization stressing student offairs in the interior of Maulco, obviously LLENY and LILEP/C are vorting in the come general field in universities outside Maxico City. However, in these universities in which LILEP? is concentrating its efforts, this can be a complementary relationship since LIMEP con work in much some depth in these universities than can LILEP/C and can arrillate its groups to the LILLEP/C Bational Student Confederation which is the only one new generally recognized in Maxico. LILEP/C, as a Settimal Student Confederation, obviously can only spend very limited time on any single university or exaction.

C. l. Costs.

It is requested that the following estimates be approved for use in the LIEUT project for the period 1 January 1965 through 30 June 1965.

| FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 | FY65 |

Etation Mexico proposes to pay only a portion of the IIEE operation. It is not intended that this partial support will make the organization a completely controlled station asset. It will make it responsive to station guidance. The organization receives funds from private groups but the Station does not know the exempts of all the domors and it is unlikely that we will ever know these exactly.

2. Foreign Currency.

There are no special requirements for foreign ourrency.

3. Commitments.

No personent commitments have been sade.

4. Funding and Accountablity.

Funds will be paid to LIEFF-1 by the inside case officer. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

E. Armenes,

1. Administrative Plan or Fiscal Annex.

It is not believed that this cames is required for the LIMST Project.

2. Communications.

There are no communications requirements for the present time.

3. Technical Eugeert.

There are no technical support requirements for this project.

4. Logistics.

There are no logistical requirements for this project.

5. Intelligence.

Operational intelligence from other U. 5. Agencies is not required. Intelligence production from this developmental project has included nine FI reports during 1964 easies from a good deal of report material which, though not discussivable, is of considerable interest to the Station.

STORET KAPEN

I. Emrgency Conditions.

Since the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of exergency anti-U. S. situations; henceur, he prolably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or cease to function is Mexico. Messver, a change in the Mexican political scene may not affect the group's offices in other Latin American countries. In the event of an exergency situation, contact can be made by the case officer with either LIEFF-1 or LIEFF-2.

APPENDIX I

Principal Officers of the ILEE:

Lic. Agustin MAYARRO V. Lic. Cerlos BASCERZ MEJORADA Directors Eurique Ull'ANY Haro Eallkag Lie. Gustavo R. WELASCO ing. Jose Rivera R. Lie. Podro ASPE Sais Ambal de l'Uncilla Mariano R. SUAMEZ Ing. Jose de la MACORRA Jacobo FEREZ BEFFCSO Lie. Arturo EESO Y Urquidi Lie. Carlos LOFEZ de Llergo Broosto J. AVESCUA Cuillerno CUAJARDO Davis Jose A. ESCAPIXE Lie. Eduardo PRIETO Lopez Antorio L. Madantiz Tomas C. COLRASA Lio. Astonio FESEZ Verdia Jr. Adolfo I. HIVEWEL Peterico SARCHEL Fogarty Clemente ESREA Murtimes Cayetaso MARCO Vigil Pelix DIAS Germa

Enrique ATALA Hedine

SECRET/KAPON

A. Identification.

Mexico City, Mexico -- Political Action. See C. below for other countries which may become involved.

B. Objectives.

- 5 Tudent movement

C. Background.

Limuff (Identity A) was founded in 1953 under the auspices of a group of Mexican bankers, industrialists, and merchants to spread the principles of free enterprise and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Communism (particularly in its economic aspects) and hyper-nationalism. It has also financed the publication of pamphlets, bulletins an economic matters, and books. The director of this group (LIHUFF-2) received support from LIHUFF-1 and the business firm which LIHUFF-1 headed in Mexico until 31 December 1962 when this company decided to give up its franchise in Mexico.

In June 1360 LIHUFF-I visited the ODACID Political Counselor and requested an ODACID contact with LIHUFF-2's organization. Subsequently, Chief ODACID Mexico, asked the COS, KUBARA Mesico, to explore the possibility of giving financial help to the group headed by LIHUFF-2. In mid-August 1362 (HMMS-2530 RYBAT), Oliver G. GALBOND advised the Mexico Station that the group had been receiving partial financial aid from a group of PBPRIME business corporations (solicited by Mr. Henry Holland, now deceased) and that KUBARK Headquarters had also provided some financial assistance through this channel. After the death of

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Mr. Holland, it was recommended that the funding be handled through the Mexico Station. Specifically, this was to help pay for the publication (Identity B). The local OBACID Chief was consulted. He replied that he thought LIHUFF-2 was one of the few economists in Mexico fighting Communism. The ODACID Chief also said that everything possible should be done to support the LIHUFF publication (HMMT-3023 RYBAT 1925, 30 August 1962). 4- 2.

The LIHUFF organization has its offices in Mexico City, with associated offices in Salvador and Guatemala, and working contacts in the provinces of Mexico and in several capital cities of Latin America.

LIHUFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Mexico this type of organization is rather unique, as the trend in Mexico is towards more government intervention.

LIHUFF maintains an excellent library of source materials on e-conomics and free enterprise, which is open to interested researchers. LIHUFF publishes regularly a considerable amount of materials, including the monthly publication (Identity B). See Enclosure 5 for samples of LIHUFF publications.

The group is extremely active in the student field, in the provinces as well as in the capital. It supports student publications; has organized a national student group (Identity C); and engages in militant student political action.

LIHUFF also prepares and sends out to provincial newspapers editorials featuring anti-Communist themes. In the last four years LIHUFF has collected 65 loose-leaf binders filled with editorial clips authored in the LIHUFF office. LIHUFF also sponsors a training course at which interested groups (of 15 to 20 persons) are indoctrinated.

LIHUFF-2, Director of LIHUFF, has shown completed dedication to his program. The members of LIHUFF, especially the students, have demonstrated courage and competence in a variety of operations.

D. Operational Assets.

1. Personnel.

american

LIHUFF-l is a 47 year old PBPRIME businessman who acts as a

cut-out and operational advisor to LIHUFF-2, the Director of the group. LIHUFF-1 worked for KUBASK in Panamz from 1947 until April 1949 when he returned to Mexico. He was in contact socially with members of the Mexico Station and in November 1952 was hired for the above work. Biographical data in being forwarded via separate dispatch. He is contacted by Willard C. GURTIS or Michael C. GHOADEN. Training was not required since LIHUFF-1 has been in intelligence work from his service with PBFRIME military intelligence during WWII. He was engaged to work for PBPRIME military intelligence in Mexico until recently. He knows that he is working for KUBARIS. HMMW-11040 of 25 October 1962 granted OA for LIHUFF-1.

LIHUFF-2 is a 46 year old Mexican lawyer. He is also a well known economist who directs an economic research organization in Mexico and other Latin American countries. He is met by LIHUFF-1. LIHUFF-2 probably suspects that funds may come to him from ODYCAE; however, cover used is that the money is from private business groups. He was granted an OA on 26 October 1762 (HMMW-11039 of 9 November 1762).

2. Mechanisms.

- O a. The principal officers of the leastify A group are listed in Appendix I (separate cover enclosure No. 3). Other details of the organisation are included in C. Background above.
- The LIMUFF organization frequently and regularly makes press placements in all of Mexico City's leading newspapers. Its editorial features are also regularly accepted by provincial publications. Radio and television placement is on an irregular basis.
- (1) General progaganda and political actions of LIHUFF will be influenced and guidedby the Station for its benefits
- (2) LIHUFF student operations have already been utilized (often in coordination with other Station student assets).
- The LIHUFF editorial service for provincial newspapers has been used by the Station.
- (4) The press-placement capabilities of LIHUFF in capital city newspapers, which is considerable, has been used. This will be taken advantage of by the Station for KUBARK purposes.
- 3 (5) LIHUFF's international connections, especially his associated offices in Salvador and Guatemala, will be exploited.

(6) The Station will call on LIHUFF to fill research needs.

E Security Evaluation.

The LIHUFF organization is funded through a cut-out in such a manner that KUBARK participation is concealed. It is not connected in any way with any other KUBARK operation.

F. Coordination.

All coordination with other PBPRIME elements will be handled by COS Mexico as such situations arise. For the present there are none. In the past, ODACID Chief Mexico asked COS Mexico to assist the group financially. Also, the operational use of LIHUFF-1 was cleared with A PBPRIME military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

G. Costs.

1. It is requested that the following estimates be approved for use in the LIHUFF project for the period 1 May 1963 through 30 April 1964: 35 June 1865

	FY 1983	FY 1764	1 FY 196	5
LIHUFF-I Salary Identity publication Muff Identity student organizati	\$ 1\000. 2,400: on 1\000.	\$ 5,000. 	6000	2500
\ Total	\$5,000.	\$25,000.		6200

Station Mexico proposes to pay only a portion of the LIHUFF operation. It is not intended that this partial support will make LIHUFF a completely controlled Station asset. It will make it responsive to Station guidance. The organization receives funds from private groups but the Station does not know the amounts or all the donors and it is unlikely that we will know these exactly. The Station, however, will be alert for the future possibility that the LIHUFF may begin to operate solely on Station funds. Should this occur, steps will be taken to place the organization under complete, classic control.

2. Foreign Currency.

There are no special requirements for foreign currency.

3. Commitments.

No permaneut commitments have been made.

4. Funding and Accountability.

Funds will be paid to LIHUFF-1 by COS Mexico. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

H. Annexes.

7:1

1. Administrative Plan or Fiscal Annex.

It is not believed that this annex is required for the LIHUFF Project.

2. Communications.

There are no communications requirements for the present time.

3. Technical Support.

There are no technical support requirements for this project.

4. Logistics.

There are no logistical requirements for this project.

5. Intelligence.

Operational intelligence from other PBPRIME agencies is not required.

I. Emergency Conditions.

Since the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of emergency anti-ODYOKE-US, situations; however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or cease to function in Mexico. However, a change in the Mexican political

scene may not affect the group's offices in other Latin American countries. In the event of an errergency situation, contact can be made by the COS with either LIHUFF-1 or LIHUFF-2.

NOTE: For a note on the production and some successes of the LIHUFF organization, see Appendix II (separate cover enclosure 4).

The files of the Mexico Station have been checked for derogatory information on the names above. There was no derogatory information on anyone of them except Efforts will be made via LIHUFF-1 to get him removed from the organization.

Enclosure 4 to HMMA-20931 (UNDER SEPARATE COVER)

1. 4.

APPENDIX II

The Organization and its Director have:

a. Furnished the Mexico City Station with index cards and summary information on some three (3) thousand Mexican Communists. Although almost all of these Communists were already known to this Station, the data confirms Station information and, in some cases, adds to Station knowledge.

De Mechanis

De Organized a nationwide right-wing, anti-Communist and active student organization in the nation's universities. It is called Movimiento Universitaria Renovadora Orientacion (MURO) publishes PUNO (Fist), a fighting anti-Communist student paper and has organized shock brigades ready and willing to take offensive (street fighting) action. MURO has been very active in the National University of Mexico (UNAM); the University of Puebla and the University of Micheacan. In the last two MURO can claim a large degree of the credit for ousting Communist rectors at these universities.

- c. Kept its publication, ESPEJO, actively attempting to counter overwhelming odds and advantages, held by pro-Markist economists and their teachings in Mexico. Chief DACID believes the Director and the organization are most useful in this regard.
- d. Taught groups of students pro-capitalist, pro-free enterprise economics -- a rare and much needed service in Mexico where the Communists have taken over the field of economics in higher education.
- e. Continuously published pro-PBPRIME, pro-free enterprise and anti-Communist articles in Mexico City's leading newspapers and in the provincial press of Mexico.
- f. Attempted to spread to other Latin American countries, and to coordinate with appropriate organizations and individuals in these countries, anti-Marxist economic theories.

 g. Some examples of production from this organization are:

 (1) HMMA-20947 of 14 March 1963; (2) HMMA-20300 of 3 December 1962;

- (3) HMMT-3106 of 28 September 1962; (4) HMMA-19296 of 6 July 1962;
- (5) HMMA-18685 of 9 March 1962; (6) HMMA-18678 of 6 March 1962.

SECRET/KAPOK

PROCESSING ACTION DISPATCH CLASSIFICATION SECRET MARKED FOR INDEXING χу Chief, WHD INFO. ONLY QUALIFIED DESK CAN JUDGE INDEXING XX Chief of Station, Mexico City MICROFILM General - Operational Specific - Present Status of LIHUFF ACTION REQUIRED - REFERENCES REFERENCES: a. HMMA-23708, dated 17 June 1964 b. HMMA-23855, dated 9 July 1964 1. At the time the LIHUFF activity is approved as a formal project, it is the present intention to turn over the operation to either Oliver N. PRIMACK or Stewart R. PATAKER as the case officer. However, for obvious reasons, it is not desired to make the introduction of one of these individuals to LIRUFF/1 until such time as an assurance of continuity with Headquarters' approval of the activity as a formal project has been received. 2. In view of the time which has elasped since the exchanges indicated in referenced dispatches have taken place, the Station would appreciate $a\pi$ indication from Headquarters whether or not LIHUFF is being processed as a project. If it is not or approval has been denied for one reason or another, the Station would also appreciate knowing this so whatever action has to be undertaken can be initiated. Willard C. CURTIS Distribution: 3 - WHD2 - Files CS Copy Excluded that, Catholic CROSS REFERENCE TO DISPATCH SYMBOL AND NUMBER DATE HMMA-24682 3 Nov 64 HQS FILE NUMBER CLASSIFICATION

SECRET

50-124-28/1

MEMORANDUM FOR THE RECORD

SUBJECT: Comments on Proposed Project LIHUFF

1. I recommend this project proposal not be submitted for approval, for the following reasons:

a. The LIHUFF organization has other sources of funds and would conduct its activities anyway without any support or aid from CIA or any other U. S. Government agency. In 23 TO REAL A project to fund the organization is unnecessary.

b. The Station indicates that it has achieved, and can continue to achieve, results through the LIHUFF mechanism without making sizeable payments. A project to provide a subsidy is therefore unnecessary.

c. Several members of the LIHUFF organization are also members of the LISIREN organization. One of them, Eduardo PRIETO Lopez, recently discussed the LISIREN operation with the DCI in the latter's Headquarters office and is nware of U. S. Government funding to the LISIREN complex. This fact, taken with the similarity of the proposed funding mechanism to that of LISIREN, the similarity of operations of the two organizations, and other such parallels could eventually be expected to strip LIHUFF of its cover and create a potential security problem.

- d. The activities that this proposed project would subsidize overlap the activities of several other operations in the Station. LIHUFF does not contribute enough beyond this overlapping to be justified. Its student program coincides with Projects HIEVICT, LILISP-C and, to a lesser extent, LICOAX. Its press placement and publications program duplicates much of that contemplated or conducted in HISIREN, LICOCULE, and LILISP-E. (My magnetic way)
 - e. The past accomplishments of the operation cited in the project outline, Appendix II, are minimal at best and hardly sufficient to recommend the project. Briefly, these accomplishments were:

propose Terrine

- (1) HMHA-20905: LIHUFF obtained a copy of a book now out of print written by Victor Manuel VILLSENOR, whose views were of interest to the Ambassador at the time.
- (2) HMMA-20306: At the Station's request, LIHUFF "suggested" preparation of a reply to a booklet written by a Communist Party leader.
- (3) HMMA-19296: LIHUFF/1 returned from a trip to Venezuela with a copy of a plan for communist operations there.
- (4) HMMA-18685: LIHUFF has ties with CEES in Guatemala.
- (5) HHMA-18678: LIKUFF published and distributed a commentary on a Marxist book about Cuba.
- (6) HMET-3106: LIHUFF gave the Station a list of Communists, Socialists, and Marxists. (The project outline points out that the Station already knew most of them.)
- 2. I further recommend that the Station be asked to confine its activities in this operation to those of only momentary importance that can obtain results with little or no expense. The station of Mandeil of M

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Gabe Love

Secret/Kapok

PROJECT CUTLINE

CRYPTONYM LIHUFF	FIELD CASE OFFICER	Willard C. CUATIS
STATION MEXICO CITY	CHIEF OF STATION WA	Hard C. CURTIS

The attached project is presented for approval.

A. Identification.

Mexico City, Mexico -- Palitical Action. See G. below for other countries which may become involved.

B. Objectives.

To support and sustain a long-established, proved, anti-Communist front organization in blanco. To encourage the expansion of the group's present efforts in provincial Mexico, and, to some extent, in other countries. To obtain a measure of algorithms control over the erganization through this continued finding. To guide the group in increasingly more efficient methods of lighting Communism and festering pro-western programs, such as the Alliance for Progress. To accomplish the following objectives in the Related Mission Directive: Priestly A. I. a. c. d. e. f. g: Priority B. I. a. b. d.

C. Backgravad.

LIMUTE (identity A) was founded in 1953 under the auspices of a group of Mexican bankers, industrialists, and merchants to oproad the principles of free exterprise and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Cammunism (particularly in its economic aspects) and hyper-nationalism. It has also financed the publication of pamphlets, building on economic metters, and beens. The director of this group (Linuty-1) received support from Linuty-1 and the business firm which Linuty-1 headed in Mexico until 11 December 1961 when this company decided to give up its franchise in Mexico.

In June 1950 LINUTE-1 visited the ODACID Political Counselor and requested as ODACID contact with LINUTE-2's arganization. Subsequently, Chief ODACID Mexico asked the COS, KUDARK Mexico, to explore the possibility of giving financial help to the group headed by LINUTE-3. In mid-August 1962 (HMMS-2520 RYBAT), Oliver G. GALBOND advised the Mexico Station that the group had been receiving partial financial aid from a group of PSPRIME business corporations (solicited by Mr. Heavy Helland, now deceased) and that KUBARK Headquarters had also provided some financial assistance through this channel. After the death of

Mr. Helland, it was recommended that the funding be handled through the Mexico Station. Specifically, this was to help pay for the publication (Identity B). The local ODACID Chief was consulted. He replied that he thought Limuff-2 was one of the few economists in Mexico fighting Communism. The ODACID Chief also said that everything possible should be done to support the Limuff publication (HMMT-3023 RYBAT 1926, 30 August 1962).

The LIHUFF organization has its offices in Mexico City, with associated offices in Salvador and Guatemala, and working contacts in the provinces of Mexico and in several capital cities of Latin America.

LIMUFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Mexico this type of organization is rather unique, as the trend in Mexico is towards more government intervention.

LiffUFF maintains an excellent library of source materials on accommics and free enterprise, which is open to interested researchers. LiffUFF publishes regularly a considerable amount of materials, including the monthly publication (identity B). See Enclosure 5 for samples of LiffUFF publications.

The group is extremely active in the student field, in the provinces as well as in the capital. It supports student publications; her erganized a national student group (Identity C); and engages in militant student political action.

LIHUFF also prepares and sends out to provincial newspapers editorials featuring enti-Communist themes. In the last few years LIHUFF has collected 65 losse-less binders filled with editorial clips authored in the LIHUFF effice. LIHUFF also sponsors a training course at which interested groups (cf. 15 to 20 persons) are indocuranted.

LIMUFF-2. Director of LIMUFF, has shown completed dedication to his program. The members of LIMUFF, aspecially the students, have demonstrated courage and competence in a variety of operations.

D. Operational Assets.

1. Personnol.

LIMUSE-1 is a 47 year old PBPRIME businessman who acts as a

cut-out and operational adviser to LIHUFF-2, the Director of the group. LIHUFF-1 worked for KUBARK in Panama from 1947 until / pril 1949 when he returned to Mexico. He was in contact socially with members of the Mexico Station and in November 1902 was hired for the above work. Biographical data is being forwarded via separate dispatch. He is contacted by Willard C. CURTIS or Michael C. CHOADEN. Training is not required since LIHUFF-1 has been in intelligence work from his service with PBPRIME military intelligence during WWII. He was engaged to work for PBPRIME military intelligence in Mexico until recently. He knews that he is working for KUBARK. HMMW-11040 of 25 October 1902 granted OA for LIHUFF-1.

LIMUFF-2 is a 46 year old Mexican lawyer. He is also a well known oconomist who directs an oconomic research organisation in Mexico and other Latin American countries. He is met by LIHUFF-1. LIHUFF-2 probably suspects that funds may come to him from ODYOKE; however, cover used is that the mone. Is from private business groups. He was grazzed an OA on 26 October 1962 (HMMW-11089 of 9 November 1963).

2. Mechanisme.

- a. The principal efficers of the identity A group are listed in Appendix I (separate cover enclosure No. 3). Other details of the organization are included in C. Background above.
- b. The LiliUFF organization frequently and regularly makes press placements in all of Mexico City's loading newspapers. Its editorial features are also regularly accepted by provincial publications. Radio and television placement is on an irrogular basis.
- (1) General propaganta and political actions of LIHUFF will be influenced and guidedby the Station for its benefit.
- (2) LIMUFF student operations have already been utilized (edies in coordination with other Station student assets).
- (3) The LIHUFF editorial service for provincial newspapers has been used by the Station.
- (4) The press-placement capabilities of LIHUFF in capital city newspapers, which is considerable, has been used. This will be taken advantage of by the Station for KUBARK purposes.
- (5) LIMUFF's international connections, especially his associated effices in Salvador and Cuatemala, will be exploited.

(6) The Station will call on LIHUFF to fill research needs.

E. Security Evaluation.

The LIHUFF organization is funded through a cut-out in such a manner that KUBARK participation is concealed. It is not connected in any way with any other KUBARK operation.

F. Coordination.

All coordination with other PBPRIME elements will be handled by COS Mexico as such situations arise. For the present there are none. In the past, ODACID Chief Mexico asked COS Mexico to assist the group financially. Also, the operational use of LIHUFF-1 was cleared with PBPRIME military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

G. Costo.

1. It is requested that the following estimates be approved for use in the LIHUFF project for the period 1 May 1763 through 10 April 1964:

	FY 1963	FY 1964
LIMUFF-1 Salary	\$ 1.000.	\$ 5,000.
Identity publication	2,400.	12,000.
Identity student organisation	1. 600.	8,600.
Total	\$ 5,000.	\$25,000.

Statica Mexico proposes to pay only a portion of the LIHUFF operation. It is not intended that this partial support will make LIHUFF a completely controlled Station asset. It will make it responsive to Station guidance. The organisation receives funds from private groups but the Station does not know the amounts or all the donors and it is unlikely that we will know these exactly. The Station, however, will be alert for the future possibility that the LIHUFF may begin to operate soluly on Station funds. Should this occur, steps will be taken to place the organisation under complete, classic control.

2. Fereign Currency.

There are no special requirements for foreign currency.

3. Commitments.

No permanent commitments have been made.

4. Funding and Accountability.

Funds will be paid to LIMUFF-1 by CCS Maxico. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

H. ARDOROS.

1. Administrative Plan or Fiscal Annex.

It is not believed that this annex is required for the LiHUFF Project.

2. Communications,

There are no communications requirements for the present time.

3. Technical Support.

Thore are no technical support requirements for this project.

4. Logietica.

There are no legistical requirements for this project.

B. Intelligence.

Operational intelligence from other PBPRIME agencies is not required.

I. Emergency Conditions.

Mance the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of emergency anti-ODYOKE eithericans however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or coase to function in Mexico. However, a change in the Mexican political

nesse may not affect the group's offices in other Latin American countries. In the event of an emergency situation, contact can be made by the COS with either Limury-1 or Limury-2.

NOTE: For a note on the production and some successes of the LIHUES organization. see Appendix II (separate cover enclosure 4).

Enclosure 3 to HMMA-20911 (UNDER BEPARATE COVER)

APPENDIX I

Identition

- A. Institute de lavestigacicaes Sociales y Economicas, A. C.
- E. ESPEIO, an economics journal which strongly supports the free materprise system.
- C. M.U.R.O.
- D. Principal Officers of 1 above:

Director: Lic. Agustia HAVARRO V. Lic. Carles SANCHEZ MEJORADA Earlane Unthova Mago Salinas Lie. Guetavo R. VELASCO ing. Jose RIVERA R. Lie. Pedro ASPE Sais Anibal do ITURBIDE Mariano R. SUAREZ Ing. Jose de la MACORBA Jacobo PEREZ Barross Lie. Armso BUENO Y Urquidi Lie. Carlos LOPEZ de Liorgo Exagete J. AMESCUA Gullerma GUAJARDO Davis Jose A. ESCANDON Lie. Ednardo PRIETO Lopes Astesio L. RODRIGUEZ Temas G. COARASA Lic. Antesio PEREZ Verdia Jr. Adallo L AIVEROLL Pederico BANCHEZ Fogarty Clemente SERNA Martines Cayetaso BLANCO Vigil Folix DIAZ Garsa Enrique Al'ALA Medina

Becret/Kapon

The files of the Mexico Station have been checked for deregatory information on the same of them except . Efforts will be under viz Linuff-l to get him removed from the organization.

Enclosure 4 to HMMA-20931 (UNDER SEPARATE COVER)

APPENDIX II

The Organization and its Director have.

- a. Furnished the Mexico City Station with index cards and summary information on some three (3) thousand Mexican Communists. Although almost all of these Communists were already known to this Station, the data confirms Station information and, in some cases, adde to Station knowledge.
- b. Organized a nationwide right-wing, anti-Communist and active student organization in the nation's universities. It is called blovimiento Universitaria Removadora Orientacio's (MURC) publishes PURO (Fist), a lighting anti-Communist student paper and has organized shock brigades ready and willing to take offensive (street lighting) action. MURO has been very active in the National University of Mulico (UNAM); the University of Puebla and the University of Milhaness. In the last two MURO can claim a large degree of the credit for certing Communist rectors at these universities.
- c. Rept its publication, ESPEJO, actively attempting to counter overwhelming odds and advantages hold by pro-harxist economists and their teachings in Mexico. Chief ODACID believes the Director and the organization are most usoful in this regard.
- d. Taught groups of madents pro-capitalist, pro-free emergrice occusemize -- a rare and much needed service is histice where the Communical bave taken ever the field of economics in higher education.
- e. Continuously published pro-PBPRIME, pro-free enterprise and enti-Communist articles in Mexico City's leading newspapers and in the provincial press of Mexico.
- f. Attempted to spread to other Latin American countries, and to coordinate with appropriate organizations and individuals in these countries, anti-Marxist economic theories.
- g. Some seamples of production from this organization are:
 (1) HMMA-20947 of 14 March 1963; (2) HMMA-2096 of 1 December 1962;
- (3) HMMT-1105 of 28 September 1962; (4) HMMA-19296 of 0 July 1962;
- (5) HMMA-18685 of 9 March 1962; (6) HMMA-18678 of 6 March 1962.

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PROCESSING ACTION CLASSIFICATION DISPATCH SECRET MARKED FOR INDEXING Chief of Station, Mexico City NO INDEXING REQUIRED ONLY QUALIFIED DESK CAN JUDGE INDEXING 19450 FROM Chief, WH Division SUBJECT NUWOLF/Operational; LINUFF Project Assessment ACTION REQUIRED - REFERENCES ACTION REQUIRED: Submit info requested -REF: HMMW-12379, 2 March 1964 Headquarters has not yet received the Station's assessment of the LIHUFF operation which in accordance with the reference was expected here not later than 1 June 1964. Please advise when it may be expected and if there has been any progress on the printing of the book in Buenos Aires. Chester D. DAINOLD Distribution: O&1 - COS, Mexico City DISPATCH SYMBOL AND NUMBER CROSS REFERENCE TO HMMW-12635 CS (33) 1 June 1964

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KUWOLF/LIHUFF - Operational

ACTION REQUIRED - REFERENCES

REFS: A.

. HMMW 11780

B. HMMA 22250

l. With the discontinuance of the subsidy for the publication of the LIHUFF magazine as reported in Paragraph 3 of Reference B, Headquarter's major objection to this project has been satisfied. However, we feel compelled to point out to the Station that despite a clear disapproval of this subsidy in Reference A, the Station continued payment of it for an additional five months. In the absence of any interim reporting or other attempt to justify this continued expenditure, the Station Chief exceeded his fiscal authority. Although Headquarters is prepared to make a concession to the Station with recard to other aspects of the project as stated later in this dispatch, we must advise you that the prolongation of the LIHUFF-1 magazine subsidy for five months is viewed here with great seriousness. It is requested that Willard C. Curtis prepare a dispatch explaining the Station's action in this matter.

- 2. With regard to other facets of the project, we are willing to continue for a time even though we are not fully convinced that the level of LIHUFF-1's compensation or the student activities supported are justifiable. To avoid an arbitrary termination of the entire operation at this time, you are authorized to proceed for balance of Fiscal Year 1964 on the following basis:
 - A. To continue LIHUFF-L's compensation at \$500 per month.
- B. To support selected student activities through the LIHUFF complex at a rate not to exceed \$500 a month.
- C. To meet the cost of publication of the book per HMMA 21976 which we estimate should not exceed a total cost of \$6000.

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Distribution:

O & 1 - COS, Mexico City

CROSS REFERENCE TO

DISPATCH SYMBOL AND NUMBER

HMMW 12311

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SECRET

DATE

28 January 1964

CLASSIFICATION

HQS FILE NUMBER

50-124-28

CONTINUATION OF DISPATCH

SECRET

HMMW 12311

Should you wish to support other specific projects through LIHUFF such as the publication of the book, these will be considered by Headquarters on a case to case basis.

- 3. The above authorized expenditures are to be charged to D&TO and under no circumstances are they to exceed the amounts specified. In this connection, you are advised that Headquarters has allocated an additional \$30,000 to the Station's D&TO funds for the fiscal year 1964 bringing the total for FY64 to \$82,500. It is not likely that any further increase can be obtained.
- 4. The Station is also requested to submit to Headquarters, not later than 1 June 1964, an up-dated assessment of the LIHUFF operation. If at that time the Station wishes to present a revised project for fiscal year 1965, your recommendations should be fully submitted in the reassessment. If your recommendations are accepted, then Headquarters will undertake to rewrite the project outline forwarded with HMMA 20931 and submit the project for approval.

OLIVER G. GALBOND

FORM 53a USE PREVIOUS EDITION.